



## FISCAL YEAR END PROCEDURE

### Infinity Systems

#### **IMPORTANT NOTE:**

**Infinity users do not need to do anything to start a new fiscal year.** They just need to be aware that their current fiscal year will be numbered as Periods 13-24 until they close the prior fiscal year. Every report listed in the following Update Process should be run before **AND** after the Year-End Update. **It is recommended that users save all reports in Adobe PDF format to aid in viewing and comparison.**

#### **When performing the Year End Update, the following actions occur:**

- All of the Journals and Journal Entries for G/L Account Periods 1-12 are moved using the ending balance for each period of the Fiscal Year End being closed to the History tab in Account Maintenance. Prior years journals are available in other modules by SO, RO, AP Invoice, Unit Maintenance etc., using the 'Show Journal' button. Prior year Summary and Detailed General Ledger will no longer be available after the Year-End Update has completed. Please be aware that Journal Entries are not allowed to a Completed Year after the Year-End Update has been performed.
- All journals and journal entries for Periods 13-24 are renumbered to Periods 1-12.
- Balance Forward is created for Asset, Liability and Equity Accounts for period 0 of the new (current) year. The Year-End Update sets all Income Statement Accounts for the closing year to zero. The update creates a system-generated journal entry which posts the net Profit/Loss for that year to Retained Earnings. The Beginning Balances post for all Balance Sheet Accounts to Period 0 on the first day of the first month of the current fiscal year no matter when the prior year is actually closed.

*The following text sums up the process and the order in which it occurs:*

1. *Income Statement accounts are all set to zero, which produces only a Net Profit or Loss amount for the YTD of the closing year.*
2. *The Net Profit/(Loss) for the closing year is posted to Retained Earnings.*
3. *The system-generated journal entry then takes the closing balances of the Balance Sheet Accounts and posts the Journal Type 'Beginning Balance' to the first day in the new fiscal year in Period 0.*

**Note:** Prior to **Year-End Close**, a User may print **Comparative Financial Statements** properly even if the prior year has not closed.

#### **Before running the Year End Update, verify that the following procedures have been completed:**

##### **Accounts Receivable**

- Make sure all A/R Periods 1-12 have been closed - Run the **Month-End Update** procedure for any months that are not closed; the **Year End-Update** checks this; so if a month is not checked, the procedure will not run. This means that the **Year-End Update** will **NOT** be allowed to run if any AR month within the closing year has not been closed.
- If there are Periods that must be closed, G/L transactions will occur if **Service Charges** are posted to A/R accounts for past months; these transactions will change General Ledger account totals and Financial Statement totals for any month where this is true. Also, be careful to **MATCH** prior to running the **Month-End Update**.

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- When all AR periods in the closing year are closed, run a final **Summary AR Trial Balance** and a **Detailed AR Ageing** for the year being closed and be certain it matches the GL Accounts sub-ledgered to AR. *Suggestion: Use the GL Summary Trial Balance to make comparison. Until they are in balance, users should NOT close the year. Export all of these reports to a PDF file and hold permanently in a Year-End Folder.*
- Go to **System Configuration - System tab** to verify that there are check marks in each A/R Closed box for the Current Year Period End Dates.

### Accounts Payable

- Run a final **Summary A/P Trial Balance** and a final **A/P Detailed Aging** and export to a PDF File. Compare these reports to the **Summary GL Trial Balance** – Users should not run the Year-End Update until they are sure the **A/P Trial Balance** and **Ageing balance** to the GL accounts sub-ledgered to A/P.

### General Ledger

- Run a **detailed G/L Trial Balance report** on All Accounts for Periods 1-12.
- Access the report from General Ledger - Reporting - Detailed Trial Balance.
- The report may be very long, so we recommend saving it as a PDF-type document, which can be saved to diskette or CD and given to the accountant.
- This will be the final and ONLY way to look up **Previous Years' Journal Transactions** under **Account Maintenance**. Once the **G/L Year-End procedure** has run, you will only be able to view A/P, A/R, Sales and Repair Order Journal Entries using the **Show Journal feature**. You should make certain that a copy of the report is saved in another location or printed to make sure it is preserved for future reference.
- Run a **G/L Summary Trial Balance Report**, also for months 1-12, to be used to verify Asset, Liability and Equity account balances brought forward from the Year-End Update. The **Summary Trial Balance Report** run prior to the Year-End Update will include every single account in the GL, including the **Income Statement Accounts**.
- Run all reports after the Year-End Update and compare them to the ones prior. If problems appear, **call Customer Support immediately**.
- It is also recommended that a copy of the printout or the exported report file be given to your accountant, whether in-house or an outside service, to review numbers **BEFORE** running the Year-End Update. The accountant should be informed that once the procedure has run, the only adjustments that can be made must be to the **Retained Earnings Account** (which is still reflected as an adjustment to this fiscal year).

### Run Year End Financial Statements

#### Perform the Year End Update from the Periodic Procedures menu.

- Go to General Ledger - Account Maintenance and verify that each **Asset, Liability and Equity Account** has a **Beginning Balance 'Equal'** to the amount shown on the **G/L Trial Balance Summary Report** printed from above.
- Confirm that a new **Beginning Balance** is created for the **Equity Account Retained Earnings**.

#### Year End Procedures are now finished for the year.

- Go to **System Configuration** and make sure that the year that was in the **Current Year** field is now in the **Previous Year** field. Realize now all G/L postings that had occurred in months 13-24 are now posted to months 1-12.
- Manual Journal Transactions made after Year-End Update should reference months 1-12 as Periods, instead of 13-24.